
SENATE BILL 6147

State of Washington 60th Legislature 2007 Regular Session

By Senators Brown, Kohl-Welles and Keiser

Read first time 03/07/2007. Referred to Committee on Ways & Means.

1 AN ACT Relating to business and occupation tax imposed on retail
2 establishments; adding new sections to chapter 82.04 RCW; and creating
3 a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
6 establish:

7 (1) A surcharge to the business and occupation tax on retail
8 establishments; and

9 (2) A tax credit for certain retail establishments.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
11 to read as follows:

12 (1) The definitions in this subsection apply to this section and
13 section 3 of this act unless the context clearly requires otherwise.

14 (a) "Employee" means any individual employed by an employer.

15 (b) "Employer" means an employer as defined in RCW 49.46.010 who
16 employed a total of five hundred or more employees in any calendar
17 quarter in the preceding calendar year at any and all locations in
18 Washington.

1 (c) "Health care services expenditures" means amounts paid by an
2 employer for the purpose of providing or reimbursing the cost of health
3 care services, as defined in RCW 48.43.005, for its employees or their
4 dependents in the state of Washington. These amounts include, but are
5 not limited to: Payments by an employer on behalf of its employees or
6 their dependents for medical care, prescription drugs, vision care,
7 dental care, long-term care, and health savings accounts as defined
8 under 26 U.S.C. Sec. 223 of the federal internal revenue code, and
9 reimbursements by such an employer to its employees or their dependents
10 for the cost of health care services when the employees or their
11 dependents had no entitlement to the reimbursement. These amounts do
12 not include:

13 (i) Payments made directly or indirectly for workers' compensation
14 or medicare benefits;

15 (ii) Any costs of health care services, taxes, or assessments that
16 such an employer is required to pay pursuant to any federal or state
17 law other than under section 3 of this act; or

18 (iii) Any amounts deducted from an employee's wages.

19 (d) "Payroll" means all wages paid by an employer to its employees.

20 (e) "Wage" means wage as defined in RCW 49.46.010.

21 (2) In addition to the taxes imposed under RCW 82.04.250(1), a
22 surcharge is imposed on those persons who are subject to any of the
23 taxes imposed under RCW 82.04.250(1). Except as otherwise provided in
24 section 3 of this act, the surcharge is equal to one-half of one
25 percent added to the rate provided in RCW 82.04.250(1).

26 (3) All receipts from the surcharge imposed under this section
27 shall be deposited into the health services account created in RCW
28 43.72.900.

29 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04 RCW
30 to read as follows:

31 (1) Employers taxable as retailers under RCW 82.04.250(1) shall be
32 allowed a credit against those taxes paid if:

33 (a) The employer reports to the department in the form and manner
34 prescribed by the department:

35 (i) Health care services expenditures in the preceding calendar
36 year; and

37 (ii) Payroll in the preceding calendar year.

1 (b) The department determines that health care services
2 expenditures are equal to or exceed nine percent of payroll.

3 (2) If the department determines that health care services
4 expenditures are equal to or exceed nine percent of payroll, then the
5 department shall allow a credit equal to the amount of the surcharge,
6 as determined in section 2(2) of this act.

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